

The Epidemiology and Magnitude of Charity Care Delivered by Iowa Hospitals

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Background

- An important issue in assessing the economic impact of broadening health care coverage for Iowans is the amount and type of care currently being provided to patients without insurance
- Much of this care is “written off” by providers as charity care.
- This care is delivered by a wide spectrum of clinicians and in a wide spectrum of delivery settings
- However, a large proportion (and likely a majority) of this care is provided by hospitals through acute hospitalizations, ambulatory surgeries, and ER visits.

Project Goals

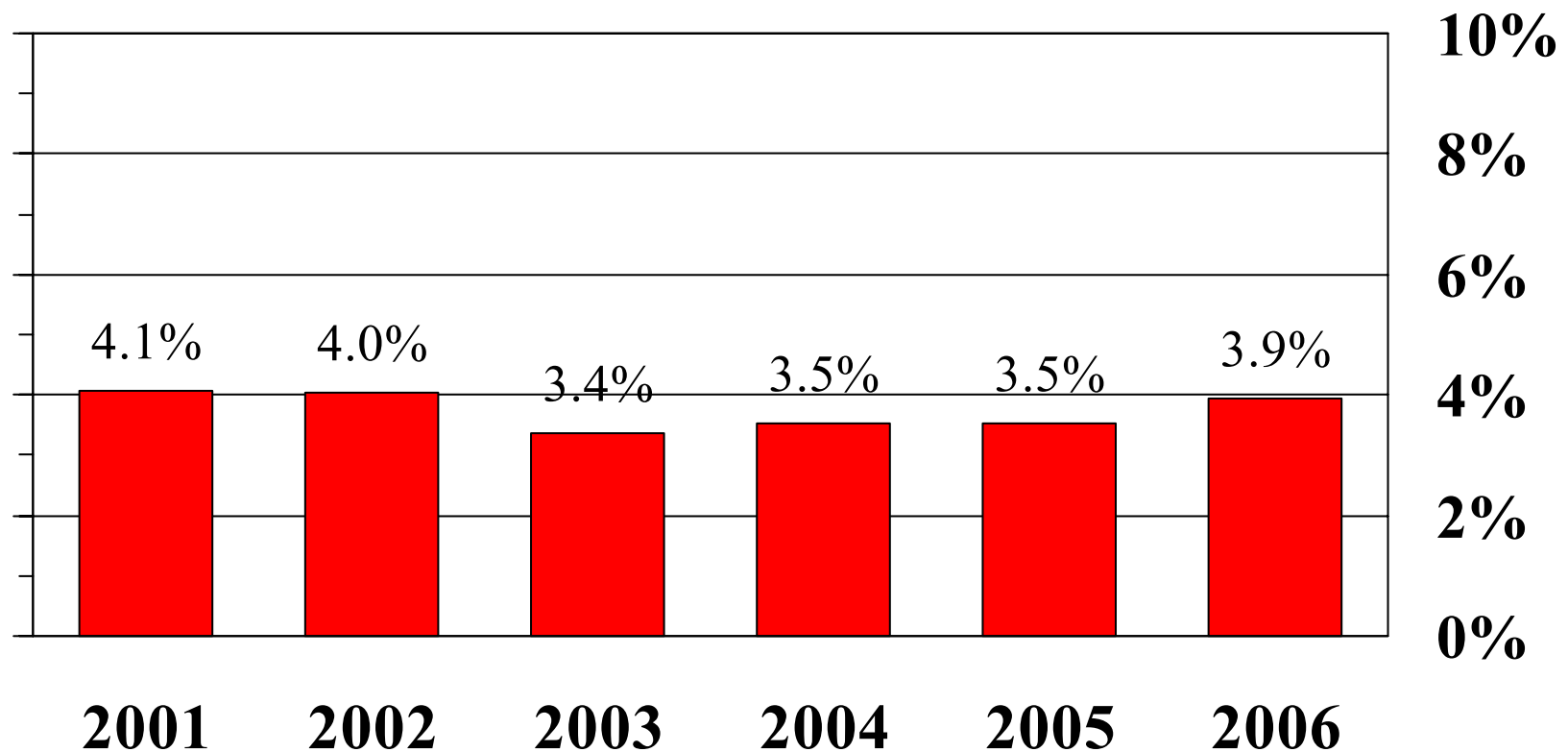
- Determine the amount and cost of care by hospitals to patients without health insurance in three settings:
 - Acute care inpatient settings
 - Emergency rooms
 - Hospital-based ambulatory surgery centers
- Characterize the patient population without insurance receiving hospital-based care
- *Rationale for focusing on hospitals*
 - Large proportion of all charity care
 - Availability of data on hospital care in a standardized format from a centralized distributor
 - Lack of readily available data for care in other settings (e.g., doctors offices, clinics, CHCs, rural clinics)

Determination of Costs

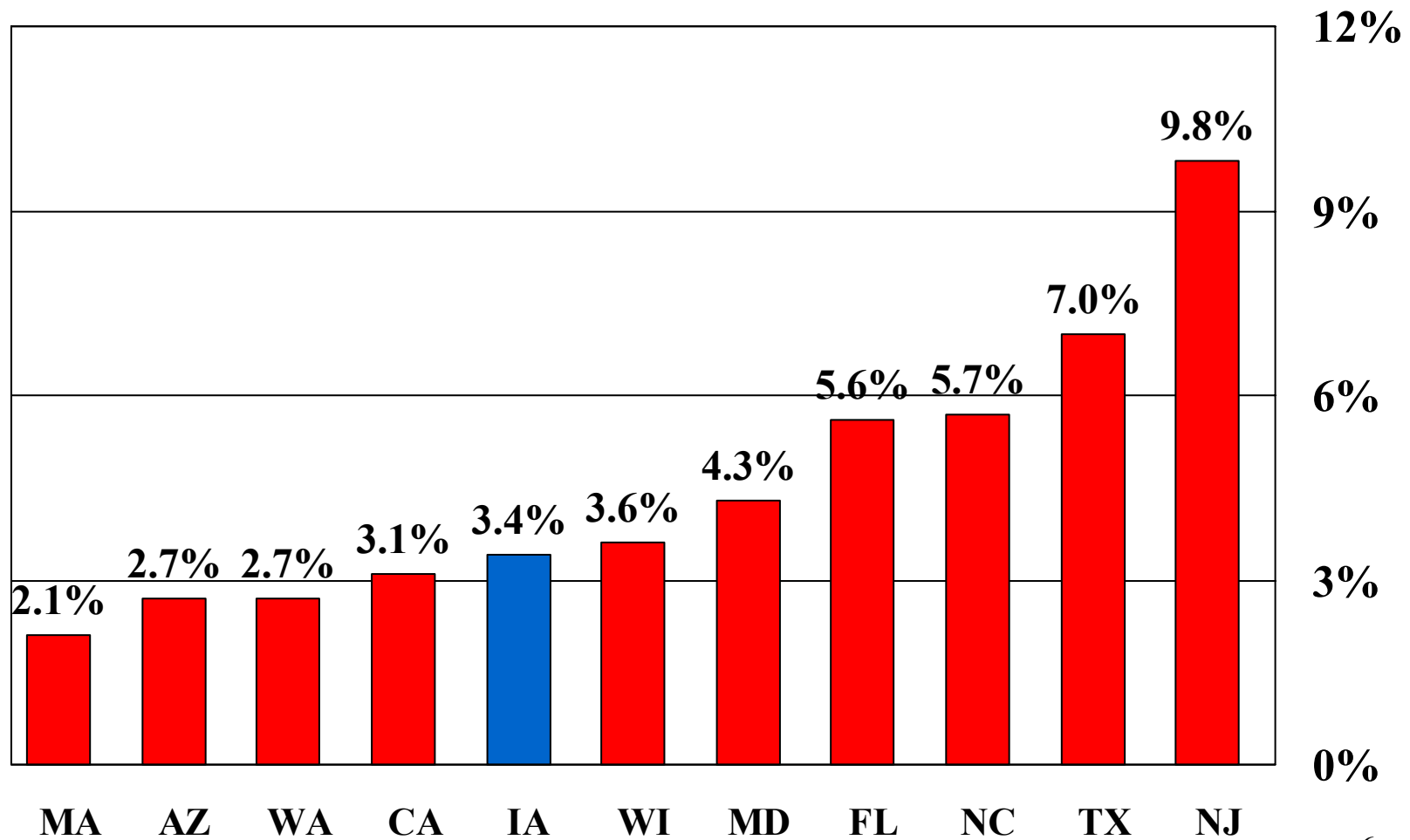
- Determined for each inpatient, ER, and ambulatory surgery encounter
- Based on data on total charges in the Iowa Hospital Association databases used in the analysis and on cost/charge ratios submitted by hospitals to CMS

$$\text{Costs} = [\text{Charges}] \times [\text{Hospital Cost to Charge Ratio}]$$

Percent of Hospital Admissions by Uninsured Patients during 2001-06



Percentage of Uninsured Hospital Admissions by State (2003 data)



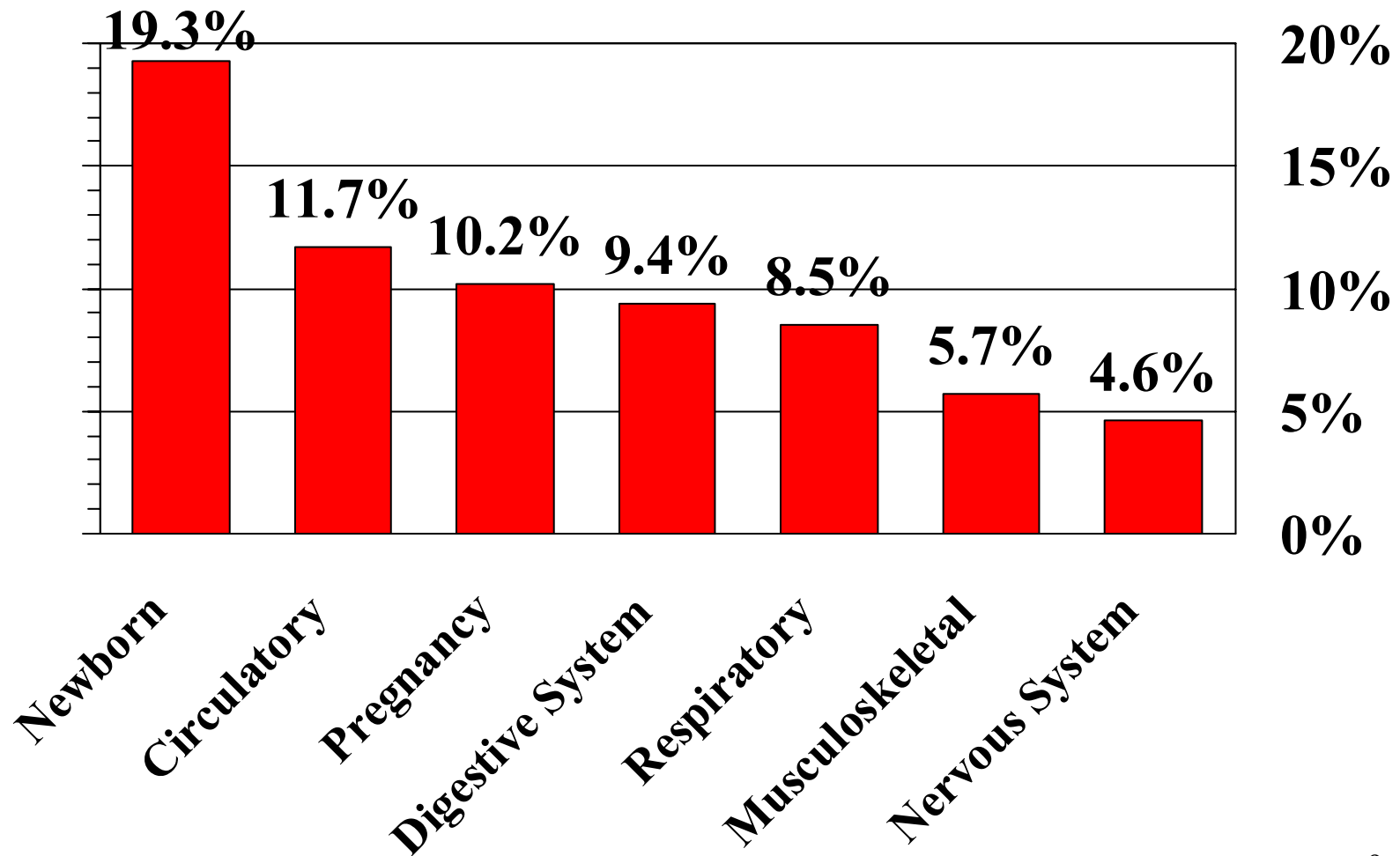
Characteristics of Insured and Uninsured Hospital Admissions

	Uninsured	Insured
Mean Age (years)	33	55
Female	50%	60%
Male	50%	40%
Race		
- White	73%	66%
- Black	2%	5%
- Other or Unknown	25%	29%
Source of Admission		
- ER	42%	33%
- MD Referral	45%	54%

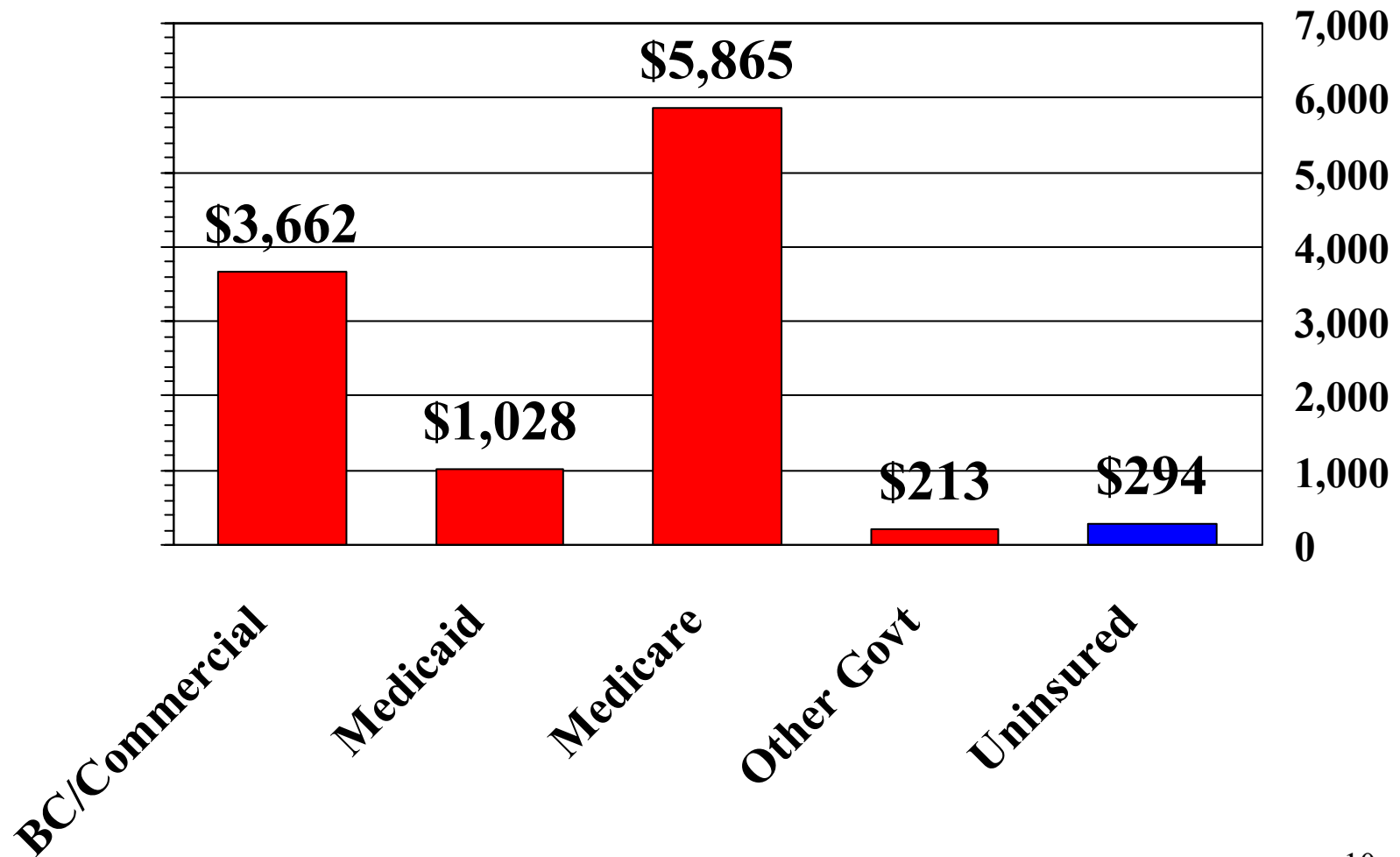
Top 10 Counties by Number and Percent of Uninsured Hospital Admissions

County	# of Pts	County	% of Pts
Polk	13,920	Page	15.8
Woodbury	4,237	Fremont	8.8
Scott	3,620	Allamakee	7.8
Black Hawk	2,930	Davis	7.2
Linn	2,640	Montgomery	7.0
Clinton	1,982	Mahaska	6.3
Des Moines	1,883	Cass	6.1
Dubuque	1,830	Cherokee	6.1
Pottawattamie	1,543	Woodbury	5.7
Johnson	1,477	Crawford	5.6

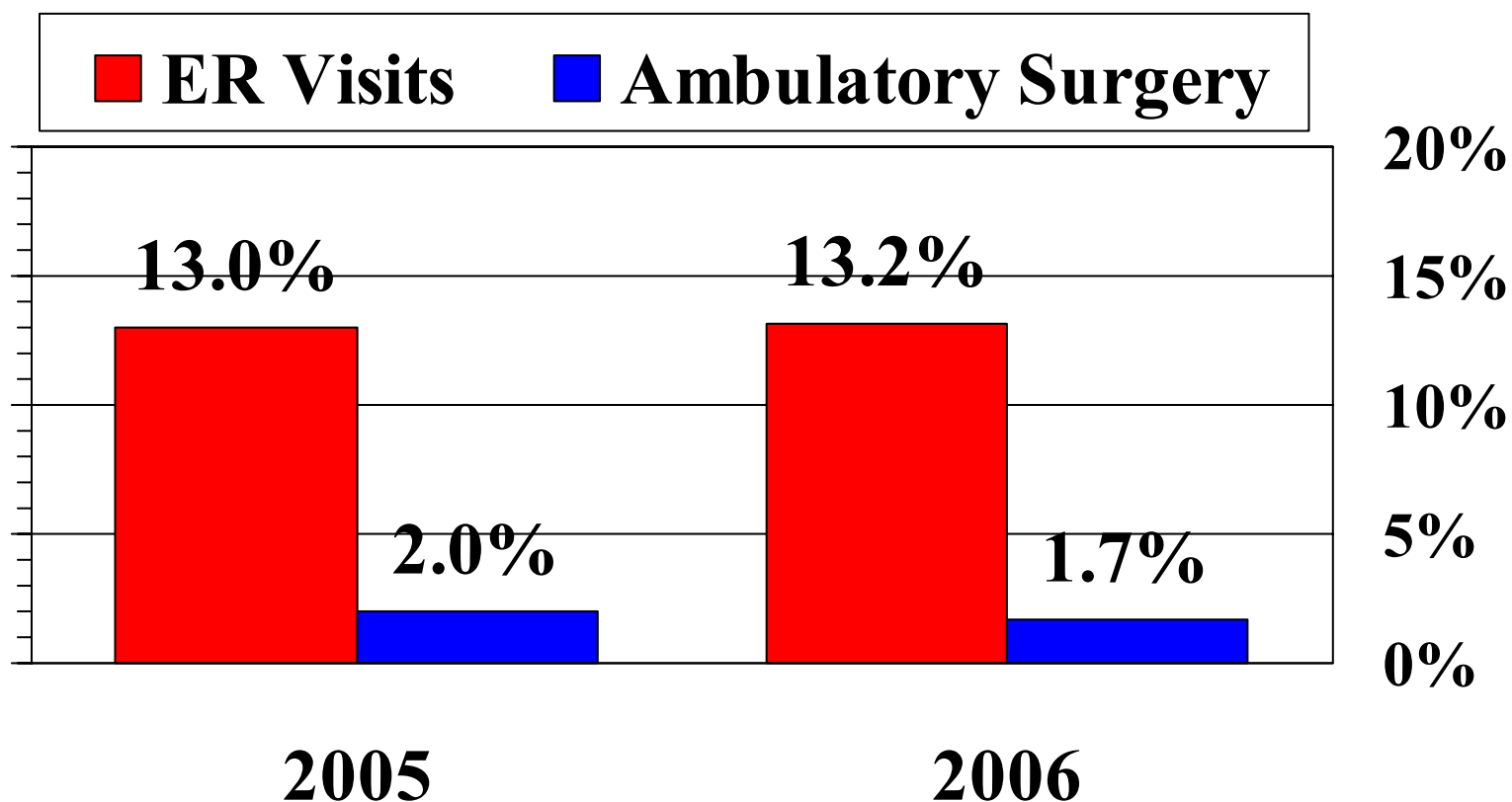
Most Common Major Diagnostic Categories of Uninsured Admissions



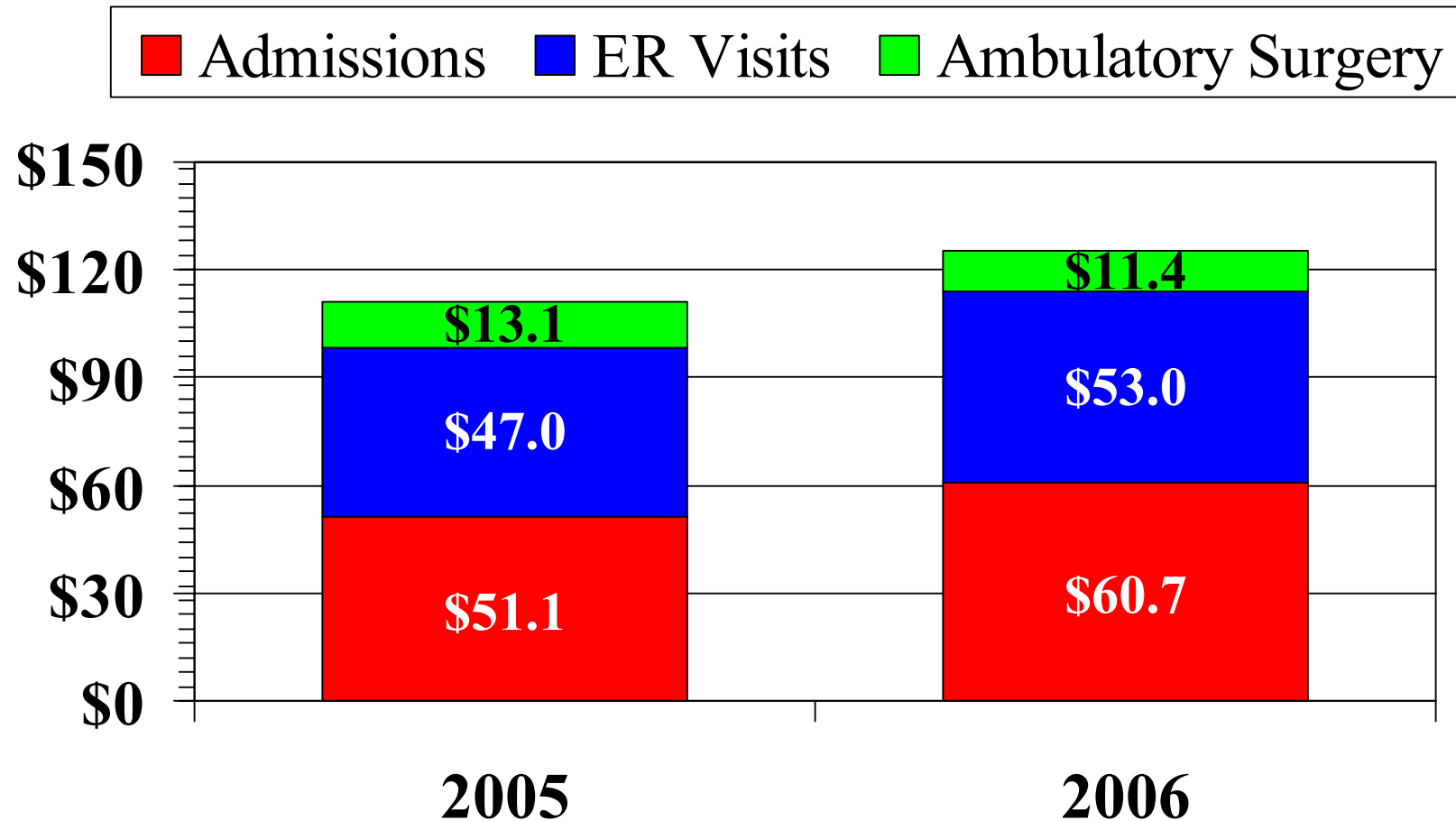
Total Costs of Hospital Admissions by Payer: 2001-06 (in Millions)



Percent of ER Visits and Ambulatory Surgeries by Uninsured Patients



Total Costs (in Millions) of Admissions, ER Visits, and Ambulatory Surgeries without Insurance for 2005 and 2006



Caveats

- Self-pay variable includes a small number of wealthy patients who elect to pay for health care out of pocket
- Among the uninsured poor, hospitals likely receive partial payments from some patients → *Unknown how much of the care provided to patients without insurance is actually written off as charity care*
- Determining costs using Medicare hospital cost reports is an approximation of costs → actual hospital cost data is difficult to obtain and typically regarded as proprietary information

Take Home Points

- Uninsured patients accounted for 4% of all hospital admissions, 13% of ER visits, and 2% of ambulatory surgeries in Iowa.
- Costs associated with uninsured patients represented 3% of acute hospitalization costs, 11% of ER costs, and 2% of ambulatory surgery costs in Iowa.
- In aggregate, the costs incurred by Iowa hospitals in treating uninsured patients amounted to \$111M in 2005 and \$125M in 2006.

Total Costs (in Millions) of Charity Care for Different Collection Rates

